Routledge Handbook of the Caucasus

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Azerbaijan

Publication details
https://www.routledgehandbooks.com/doi/10.4324/9781351055628-10
Audrey L. Altstadt
Published online on: 12 Mar 2020

How to cite :- Audrey L. Altstadt. 12 Mar 2020, Azerbaijan from: Routledge Handbook of the Caucasus
Published online on: 12 Mar 2020
https://www.routledgehandbooks.com/doi/10.4324/9781351055628-10

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AZERBAIJAN
Politics, society and economy since independence

Audrey L. Altstadt

Introduction
Azerbaijan is distinctive in the Caucasus as the state with the largest territory and population, the greatest hydrocarbon resources, and as the only state that borders both Russia and Iran (see Map 10.1). These factors tell us much about its wealth and strategic value. And they make it a prize for potential allies including Russia, Western powers from the United States to the European Union (EU), and others especially in the Middle East. Azerbaijan is also in a de facto state of war with its neighbour Armenia over the region of Mountainous (Nagorny in Russian) Karabagh/Karabakh despite a ceasefire that has prevailed, imperfectly, for more than 25 years. Not surprisingly these are the aspects of Azerbaijan’s post-Soviet profile that have become the main focus of Western and Russian analysis and foreign policy overtures. Despite their significance, other factors are also essential to flesh out the picture.

Azerbaijan’s natural wealth and its location reflect aspects of its domestic character. It is a modern prosperous post-Soviet country with a secular state. The majority of the population is Azerbaijani, a Turkic and Muslim, predominantly Shi’ite, people under Russian rule since the early nineteenth century and formerly part of Iran. In its post-Soviet independence, the country has moved from being an impoverished corner of a vast empire to a player in regional and at times global politics and commerce. An anti-communist political movement, the Popular Front, grew from illegal foundations in the late Soviet period to hold state power by elections in 1992 only to be overthrown in 1993, and discredited and repressed thereafter. In its place, former Azerbaijani Communist Party (AzCP) leader Heydar Aliyev and his long-time supporters established their government with old power relationships and new rhetoric. After a decade, Heydar’s son Ilham succeeded him, quashed opponents, amended laws and constitution to enhance his power, and put in place a regime that controls opaque money flows and jails its critics.

The regime and its supporters present its recent history and continuing policies as the triumph of ‘stability’ over not only the poverty of the 1990s but also over ‘chaos’ which authoritarians associate with democracy. The authorities claim Azerbaijan is a ‘young democracy’ in a ‘tough neighbourhood’. But careful examination of Azerbaijan’s political trajectory in the post–Soviet period by international organisations such as Freedom House show a continual deterioration of democratic indicators like electoral process, governance,
Map 10.1 The contemporary Caucasus. Designed specifically for this volume by Glory Hall, all rights reserved
Note: Place-names in contested areas follow popular pre-conflict usage.
independence of the media, civil society, and the judiciary. This trend is a result not of circumstance or chance but of choices by the ruling elite.

The Republic of Azerbaijan

Despite having declared independence on 18 October 1991, Azerbaijan’s genuine independence came as a result of the dissolution of the USSR at the end of that year. Its independence was preceded by several tumultuous years as Mikhail Gorbachev’s ill-fated attempt to reform the Soviet Union stalled and failed. The economic and political chaos of the Soviet Union’s last years affected Azerbaijan deeply, and was exacerbated by the secession movement of Armenians of the Nagorno-Karabagh (Karabakh) Autonomous Oblast’ (NKAO; oblast’ means ‘region’ in Russian) starting in the winter of 1987–88.1

Beginning in the late Gorbachev era, the word ‘democracy’ was treated like a magic code word, a kind of ‘open sesame’ that would miraculously end all the ills of communist rule and contemporary poverty and war. But many among the elites knew better. Those in power at the time of the declaration of independence in autumn 1991 were old communists led by Ayaz Mutalibov, former AzCP first secretary. Mutalibov had become first secretary in January 1990 just days after a brutal Soviet military intervention in Baku ostensibly to ‘restore order’ after pogroms against local Armenians that had already been stopped. Later Gorbachev said the intervention was needed to quash Islamic extremists which, he falsely claimed, were members of the Popular Front. Soviet forces killed outright 120 Azerbaijani civilians on 20 January and many more died of their wounds within days. The use of troops and tanks in the city evoked comparisons with the invasion by the Red Army in 1920 that ended the ‘first republic’, the Azerbaijan Democratic Republic, founded in 1918. Thereafter the event became infamous as Black January. Mass funerals turned into protests. Piles of communist party membership cards were publicly burned. Then-first secretary Abdurahman Vezirov was quickly removed and replaced by Mutalibov, a Baku native who stayed close to Moscow’s line.2

As various non-Russian republics began to declare autonomy and independence and given the anti-Moscow pressures in Azerbaijan, Mutalibov set up a single-candidate election for himself to win in summer 1991 and then declared himself president. Interested mainly in securing their power and privilege, the rechristened communists welcomed Western investors in 1992. Through the State Planning Agency, Gosplan, Soviet leaders had neglected Azerbaijan’s infrastructure. This included infrastructure supporting the oil industry since onshore deposits were depleted after the Second World War and underwater drilling became necessary to continue to exploit oil and natural gas. Soviet investment patterns had led to a far poorer Azerbaijan than its mineral wealth made possible, and the arrival of Western investors encouraged Azerbaijanis to believe that prosperity would soon follow. Having discovered Baku oil, people reasoned, the West would not ‘allow’ Russia to retake the country. The population, innocent of knowledge about capitalist calculation, believed they had achieved both economic and political security. Yet Azerbaijanis negotiating with foreign investors failed to understand that efforts to reach agreements depended on offering reliable partnerships, legal structures and guarantees.

The Mutalibov administration had no idea how to cope with the poverty and the loss of Soviet Union-wide trade and support after December 1991. It was paralysed by the successful military operations of Armenian forces in the old NKAO and along the border with Armenia. Mutalibov and his colleagues held on to their ties to Moscow and the Russian military that remained in Azerbaijan as in most post-Soviet republics. Turkey promptly recognised Azerbaijan’s independence. For the Turks, the collapse of the USSR meant restoration of pre-Soviet
cultural ties and potentially the creation of new economic and political relationships with Turkic-speaking peoples from Azerbaijan to Central Asia. Businesspeople quickly deployed, as did religious leaders from Turkey’s Sunni religious administration Diyanet İşleri Bakanlığı. They encountered Iranian mullahs (Shi’ites) who had come north as the competition for religious influence began. Saudi clerics (Sunnis from the deeply conservative Wahhabi sect) arrived later via the North Caucasus. Diplomats and representatives of oil companies came to Azerbaijan’s capital Baku (see Figure 10.1) early in 1992 from Britain, the United States, and other European countries interested in Caspian oil.

As for the elites opposing Mutalibov outside of government, most had been communists in order to secure their careers in the arts or the academic world. They talked the talk, but like much of the Soviet population, they had long ceased to believe communist party rhetoric. Just as the Russians under Gorbachev’s glasnost policy had begun forming organisations to protect the environment, historical monuments and the memories of Stalin’s victims, Azerbaijani elites together with students and historically conscious people from all strata, similarly began forming groups dedicated to environmental protection and historic preservation. But it was the Armenian demand for the transfer of the NKAO from Azerbaijan to Armenia and the tepid response of Azerbaijani communist authorities that galvanised these separate efforts into a single, angry crusade. The AzCP cited Article 78 of the Soviet Constitution to enforce its position that republican borders could not be changed without mutual agreement. In private meetings with historians and writers, the first secretary told leading figures to write an essay justifying the transfer of the NKAO to Armenia, but they refused. The Azerbaijani Supreme Soviet, an organ of the state whose members were necessarily communist party members, adopted a more outspoken line and rejected Armenian demands.

Figure 10.1 Palace of the Shirvanshahs in Baku old town under snow, with the ‘flame towers’ in the background. Editor’s photo
Secret meetings at the Azerbaijan Academy of Sciences led to the creation of an anti-communist Popular Front movement in 1988–89. Their first test of strength was in leading a two-week demonstration on Baku’s Lenin Square (later renamed Freedom Square) in front of the government building in November 1988. There Popular Front leaders showed they were a potential alternative to the governing communist party.

The Popular Front’s founding congress took place in 1989 and its first official documents called for equal civil rights for all people and national minorities, for rule of law, for multiparty politics. In short, it was strikingly similar to the practices and draft constitution of Azerbaijan’s first republic of 1918–20. The Popular Front was crippled in 1990 by Black January, when Soviet forces targeted its offices and arrested its leaders. The Popular Front movement recovered during the course of 1990 and revised its programme to call for full autonomy within the USSR, but not yet for independence. Several Popular Front leaders, saying the Front’s stand was too moderate, pulled away and established political parties opposing communist rule and calling for independence. Most notable were the Azerbaijan National Independence Party under Etibar Mamedov and the Social Democratic Party led initially by Leyla Yunus(ova) and Zardusht Alizade (Altstadt 1992: Chapter 12).

With the collapse of discipline among remaining Soviet forces in the area proceeding from the demise of the Soviet Union in December 1991, the war in Karabagh escalated. As soldiers sold their weapons and deserted, the conflict became more lethal. Azerbaijanis had received little military training in the Soviet armed forces, often being confined (as a ‘Muslim nationality’) to construction battalions. Mutilibov refused to create a new national force. Young men were recruited, armed and sent to the front without training. The catastrophic losses, often from ‘friendly fire,’ were predictable. Shock and anger at battlefield losses in Karabagh forced Mutilibov to resign in March 1992, and elections were scheduled for June. His hand-picked successor faced the same fate a few months later after further defeats. Mutilibov made an ill-judged effort to manoeuvre his way back to presidency by rescinding his own resignation and cancelling June elections, but this power grab met concerted resistance. The Popular Front and its small but determined armed force frightened Mutilibov into fleeing to Moscow. The June election date was restored by a temporary government under Popular Front co-founder Isa Gambar(ov) in his capacity as speaker of a National Council replacing the old Supreme Soviet. In June, the head of the Popular Front, Abulfaz Aliyev (who had become known as ‘Elchibey’ for elchi, meaning ‘messenger’, presumably of the collective message), defeated several other opponents in the first multi-candidate election in Azerbaijan since the imposition of Soviet power in 1920.

The Popular Front, to the astonishment of its members and supporters, came to power. Its leaders, including many historians, evoked the memories and restored the symbols of the first republic of 1918–20 (on which more below). At his inauguration, Elchibey stood stiffly by the first republic’s tricolor national flag as his supporters rose for the national anthem of 1918 and wept. But the problems this new government faced were predictably insurmountable – economic collapse and the war for territorial integrity. These existential challenges would have been nightmarish for even a seasoned administration, but they were overwhelming for the inexperienced academicians of the Popular Front. Moreover, the power of the former communist party-state bureaucracy, virtually unchanged since the late Soviet era, was against it from the start. The apparat was full of old communists, men and women with experience in the Soviet system and nothing else. If the Popular Front continued to be true to its rhetoric, there would surely be changes, and reforms threatened to dislodge the bureaucrats. So the apparatchiks sat tight and waited for the situation to clarify itself or for the Popular Front to fail or be overthrown by more familiar bosses.
The Popular Front was not ready to govern. It was peopled by intellectuals, writers, and artists with good ideas but no administrative experience other than, at best, committees in the university, Academy of Sciences, or the Writers’ Union. Wholesale destruction of the state structure, as Lenin and the Bolsheviks achieved in their first years in power, was not on their agenda and they would not have had the power to destroy it even if they had wanted to. Their followers were too few and too inexperienced to take over the apparatus. They would not shed blood, they were not ruthless, they were not Bolsheviks. And they believed, as did many Western observers at that time, that freed from the Soviet yoke, everyone would welcome freedom and reform. And that was not wrong, but it was not all. People wanted economic security. That was how they understood ‘democracy’. All parties were in for an unpleasant surprise.

The leaders of the Popular Front understood democracy as a political system with the rule of law, competitive elections and civil liberties, an understanding rooted in their knowledge of Europe and the US. But they also drew upon an important, twentieth-century precedent in their own history – the Azerbaijan Democratic Republic.

The legacy of the Azerbaijan Democratic Republic, 1918–20

The Azerbaijan Democratic Republic (ADR) was founded in order to conduct negotiations with Ottoman and German representatives after the collapse of the Russian Empire and the Bolshevik withdrawal from the First World War with the Treaty of Brest-Litovsk in March 1918. The Azerbaijani national movement, a cultural endeavour that blossomed in the last third of the nineteenth century had sought modernisation and eventually autonomy, not independence. But with statehood, its cultural and intellectual leaders helped form and filled positions in the new state (see also Chapter 8).

The values espoused by the pre-war cultural enlightenment movement had shaped the ADR’s founding ideals and documents. Pre-war efforts to establish female equality in education and society led to writing women’s suffrage into the draft constitution. The new state included a multi-party political system and a republican form of government with a National Assembly. The Assembly itself would have proportional representation by nationality – 80 of 120 seats for the majority Azerbaijani (then officially designated as ‘Turks’), 21 for Armenians, 10 for Russians, and fewer seats for smaller minorities and unions (Hasanli 2018: 34). The draft constitution called for civil rights for all citizens regardless of nationality or religion. The republic was overthrown by coordinated efforts of the pro-Bolshevik wing of the domestic Hummet (‘Endeavour’) party and the arrival of the 11th Red Army at Azerbaijan’s northern border on 27–28 April 1920.

Soviet rulers subsequently vilified the first republic and its leaders. ADR policies were distorted not only in the aftermath of the overthrow but throughout the Soviet period. By their vilification of the ADR, the Bolsheviks claimed the exclusive mantle of modernisation, the force that saved society from religious obscurantism and tyranny. In fact, the Bolsheviks destroyed or undermined much of the existing, indigenously constructed secular national culture of the pre-war enlightenment movement in order to replace it with Soviet-style education, literature and language, official history, and identity. When the Red Army invaded the ADR in April 1920, some of the republic’s political and military leaders were killed in battle or murdered in their homes. Others were driven into exile. A few remained only to be purged under Stalin. The Soviet historical narrative painted the ADR’s liberal leaders as a greedy, anti-national bourgeoisie. Research on the republic was taboo and even mention of its governing political party, Musavat (‘Equality’), without the requisite defamatory adjectives cast doubt on the loyalty of Soviet-era scholars and might jeopardise their careers.
Intellectuals in the 1970s–80s began slowly and cautiously to explore the ‘unopened pages’ and ‘forgotten figures’ of the republican period. Only under Gorbachev’s glasnost policy did the trickle of such revelations become a steady stream and only after independence did it become a flood. Knowing the truth about Azerbaijan’s history and especially the first republic was significant, because the history had been largely falsified and discussion without obligatory ideological denigration had so long been repressed. The leaders of the ADR, and their ideas became models for the post-Soviet Azerbaijani state which in 1992–93 was led by precisely those intellectuals, in the Popular Front, who had surreptitiously studied the ADR and its history, politics and values. They held up the republic as a predecessor to show that Azerbaijans not only could establish a democratic state, but had already done so. It was more than a point of pride. It was a statement of intellectual and cultural vigour. This posture was meaningful because under imperial Russian and Soviet ideology the Azerbaijans – like all Muslims – were classified as ‘backward’ peoples.

With the implied discrediting of the Soviet system under glasnost and then the dissolution of the USSR, frank but selective exploration of the first republic began to appear, filling the formerly ‘empty pages’ of history in Azerbaijani-language publications. Recovery of the past was exhilarating for scholars and public alike. Suddenly historians and other cultural leaders were writing biographies of former ‘enemies of the people’ or ‘unpersons’ purged in the Stalin era or living in exile since 1920. Such scholars became founders of the Popular Front in 1989. In the first months of post-Soviet independence, the Popular Front took the fight to old communists who had simply rechristened themselves as nationalists and democrats. While the Popular Front succeeded in restoring the symbols of the ADR, it had little time to follow the ADR’s political model amidst war and economic collapse.

The overthrow of the Popular Front government, just a year after its election, by a rogue commander with Russian help, allowed the return of an old communist leader. Former KGB general and AzCP First Secretary Heydar Aliyev was inaugurated as president with the same flag and anthem in whose denigration he had long participated. Now the ceremony was lavish, a choir sang the anthem, and Heydar draped himself in the flag. Thereby began the hijacking of the memory of the ADR by former communists who returned to power. Despite his Soviet-era support for the repression of the ADR’s memory, President Heydar Aliyev embraced its symbols – flag, anthem and democratic rhetoric – and the precedent of independence. His son and successor since 2003 has followed the same pattern. But adherence to ADR ideals is another matter. Despite flying the ADR flag and playing the anthem, it is the Soviet legacy that provides the roadmap to the present Azerbaijani government’s policies and practices. As official Baku announced the centenary of the republic in 2018, President Ilham Aliyev called for ‘correct’ research into the ADR, omitting mention of its founders whose ideals and values were key to the character of the first republic.

The Aliyev regime, perpetuated by Heydar’s successor-son Ilham in 2003, claims to be the heir of the ADR and putatively ‘faithful to its democratic traditions’. The symbols live on: a giant version of the ADR’s flag billows over a park specially constructed by Ilham, but the park remains closed to the public. Yet unlike the ADR, the Aliyev regime has become increasingly authoritarian with repression of critics and manipulated elections. Reports of accumulated wealth and high-level money laundering suggest the leadership’s driving force is not public service but private gain.

Mountainous Karabagh

The Armenian challenge of the late 1980s to Azerbaijan’s possession of NKAO was the force that galvanised Azerbaijani political consciousness.
During 1988–89, Azerbaijan’s Supreme Soviet rejected Armenian demands and criticised the more cautious posture of the Azerbaijani Communist Party which merely invoked the Soviet constitution. It was a split unprecedented in the history of Soviet Azerbaijan. Gorbachev and his advisers, some of whom were ethnic Armenians, feared losing control. Gorbachev took power out of local hands by appointing a special commission in the NKAO whose head, Arkadii I. Vol’skii, was no more sensitive to the national feelings of the parties than was Gorbachev himself. Vol’skii was later withdrawn without resolving the conflict. Initially the fighting was personal and intense but at a low level, with hunting rifles and similar small arms. With the Soviet collapse came an influx of diaspora Armenian funding, and then formerly Soviet weapons. The conflict became more lethal. Informed estimates range from 17,000–25,000 dead and about 50,000 wounded on both sides. A majority of both killed and wounded were Azerbaijanis.

A coup by self-proclaimed Azerbaijani colonel Surat Huseinov in spring 1993, aided by departing Soviet forces, led to Elchibey’s overthrow as Surat castigated him for every failure and every lost village. Although it is likely that Moscow’s preferred candidate for president was Ayaz Mutilibov, the first man to reach Baku as Surat threatened the city was the charismatic former communist party official and security chief, Heydar Aliyev. It was Heydar Aliyev who achieved the cease fire of May 1994 which still prevails and defines the reality on the ground.

Azerbaijan lost on the battlefield. Armenian forces took control of the Soviet-era NKAO, its original goal, and seven additional districts (two in part) around it including to the south toward the Iranian border, and perhaps most significant, to the west between the former NKAO (abolished by the Azerbaijani Supreme Soviet in late 1991) and Armenia, making annexation possible. The total amount of land is about 14 per cent of Azerbaijan’s territory. The Armenian administration of the NKAO declared itself the Nagorno-Karabagh Republic (NKR). No state has recognised it, including Armenia.

Efforts to reach a political settlement through negotiations have trod a tangled path since 1994. Both sides invoke well-established international principles in defence of their positions. Azerbaijan claims territorial integrity and Armenia, the right to self-determination. The Organization for Security and Co-operation in Europe (OSCE) created a mediation body, which became known as the Minsk Group, permanently headed since 1997 by France, Russia, and the US. The Minsk Group convenes representatives from Azerbaijan and Armenia but not the self-proclaimed NKR. The presence of the latter is one of several sticking points – Armenian leaders insist they participate, Baku rejects them as secessionists. Other disputes concern whether or when Armenian forces will withdraw from the occupied territories surrounding the original NKAO and whether and when displaced Azerbaijanis, numbering about 600,000–700,000, can return, and how those displaced from Karabagh itself (originally some 40,000) could vote in a referendum on the future of the former NKAO if other regions were returned to Azerbaijani jurisdiction. But increasingly over time hardline views rejecting the idea of relinquishing any territory at all have spread out from NKR Armenians and veterans’ associations such as Yerkrapah (meaning ‘defenders of the land’) to characterise Armenian society more widely.

In addition to military preparation, both sides keep up their mutual abuse as part of the psychological warfare. In Soviet times regime rhetoric preached friendship of peoples and members of the various nationalities had to work together regardless of their underlying prejudices. Since the Karabagh war with its killings, atrocities and ethnic cleansing, Azerbaijanis and Armenians can live their lives without ever seeing a member of the neighbouring nationality, much less knowing or interacting with one. Stereotypes have hardened and enmity is perpetuated. The problem might be as much attitudinal and societal as military and political.
Danger is immense. Thanks to its oil wealth, Azerbaijan has a far larger state budget and military budget, and it has bought and deployed sophisticated weapons systems from Russia, Turkey and Israel. Azerbaijan also has the advantage of a larger territory outside the occupied zone and a larger population and high birth rate. Should war restart, allies would probably aid the belligerents and the conflict could easily spill over into the already volatile Middle East including near-by Iran, Iraq, Syria and, potentially, Turkey. Millions of lives and decades of economic development could be lost. All parties would be at great risk of destruction, instability and post-war extremism. This is one war that must be blocked before it can get started.

As a result of the ethnic conflicts and enmity starting in the late Soviet period, thousands of Armenians and Russians emigrated. Each of these groups had accounted for 5.6 per cent of the population in 1989 (but a larger proportion in Baku) and dropped to under 2 per cent by 1999 and barely 1 per cent in 2009 (Broers and Mahmudlu, forthcoming). Their departure made the country, especially Baku, more thoroughly Azerbaijani. The other ethnic minorities in the country are mostly concentrated in border areas, most prominently the Lezghins (Lezgins) in the north and the Talysh in the south. The Lezghins and Azerbaijanis in the north are mostly Sunni Muslims, the Talysh like the majority of Azerbaijanis are mainly Shi’ite. Although some Soviet-era scholars and policymakers perceived ethnic tensions between these minorities and the Azerbaijanis, the topic contradicted the Friendship of Peoples doctrine and was thus too politically sensitive for systematic research. Researchers working since 2000 have documented strong civic identity among minorities rather than separatist inclinations. Lezghi and Talysh individuals have reached high offices but by law no organisations can be formed on an ethnic or religious basis (Siroky and Mahmudlu 2016).

The social implications of ethnic relations have been suggested but rarely studied. Azerbaijanis in Soviet Baku believed that the Talysh were disproportionately recruited into the police as a way of ensuring their loyalty to the regime in case of ethnic Azerbaijani unrest. By the same token, in the post-Soviet period protesters and dissidents claim the police are overwhelmingly from Nakhjivan (Nakhichevan), the home of the ruling Aliyev family. The latter case is not, of course, a matter of ethnic difference but of regional loyalty (yerbazlik in Azerbaijani), the persistence and manipulation of which hampers formation of national consciousness. These examples, though anecdotal, reflect the lack of a single national identity that can accommodate others such as religious, regional or ethnic. Pre-Soviet elites strove to construct such a national identity but were unable to accomplish it before the First World War and the disruptions of revolutions in the imperial centre. They tried to continue the process during independence in 1918–20 but again were overtaken by internal contestations and external forces. Soviet power, of course, introduced new concepts of identity and its own version of cultural construction and nation-building.

The Aliyev regime, since 1993, has stressed civic or ‘participatory citizenship’ identity rather than ethnic. Ethnic (Turkic) Azerbaijanis and others who live in the country are ‘Azerbaijani’ in citizenship concurrently with their ethnic identity. In contrast to the wider ethnic Turkic appeals of the short-lived Elchibey administration, the Aliyev policy of ‘Azerbaijanism’ is aimed at the population inside the borders of the Azerbaijan Republic and not meant to appeal to ethnic Azerbaijanis in northern Iran. Some of these distinctions are murky because of terminology. The name ‘Azerbaijan’ has been used for the region of the eastern Caucasus seemingly only since the mid-nineteenth century, but it was used for the north-western province of Iran for many centuries before. Moreover, the distinction between ‘Turkic’ (as a broad category like Germanic or Slavic) and ‘Turkish’ (referring to the Turkish Republic and its language) captured in Russian by the distinct adjectives tiurkskii
and turetskii, does not exist in Turkic languages. There is only the word ‘Turk’ as combined with other nouns for ‘people’ or ‘language,’ for example, Türk dili meaning either Turkic or Turkish language (for more detail on these language issues, see Altstadt 2016: 9–16).

As for Islamic identity, again quantification is difficult. Surveys in the post-Soviet period show increasing belief in God but very little religious practice. Affected by pre-Soviet secularism and Soviet-era atheism, most Azerbaijanis can be considered ‘non-observant’ or observant to only a limited degree, such as avoiding pork, holding religious funerals, or practising endogamous marriage. Post-Soviet efforts by foreign Muslims, mainly Turkish Sunni and Iranian Shi’ite ‘clerics’ led to an expansion of mosques and religious schools, the Shi’ite mainly in the southern areas, but also in a few villages around Baku, famously the restive Nardaran. The Turkish religious presence was affiliated with the Gülenist movement which established several excellent schools in Baku and the Qafqaz University. The movement and its founder Fetullah Gülen were subsequently vilified in Turkey under President Recep Tayyib Erdoğan. Ilham Aliyev then evicted Gülenists (or rather, suspected Gülenists) from Azerbaijan’s education system, to its detriment. Saudi religious influence, such as the extreme Wahhabi and Salafi movements, entered Azerbaijan from the North Caucasus and appears to have influenced several Sunni congregations. But the greater impact came from those Azerbaijan mullahs who were trained in Iran and Saudi Arabia in the 1990s. Part of Ilham Aliyev’s crackdown on religious dissent, some of which is not political except in its criticism of his regime, has targeted foreign-trained clerics (Altstadt 2017: 186–201, 205–8; Balci 2018; Mousalli 2009). The overall threat of Islamic extremists is hard to gauge but the verifiable numbers are fairly small, for example, by 2014, 200–400 Azerbaijanis had fought for the so-called Islamic State in Syria and 100–120 had died there. The authorities are fearful regarding the possible impacts of returnees among their number to Azerbaijan (Mammedov 2015).

Stability and sovereignty under the ‘new’ old regime

Heydar Aliyev returned to Baku in the summer of 1993 sliding through the open door of Surat Huseinov’s coup against President Elchibey and the Popular Front. The implications of Surat’s political ambitions were unclear. They seemed to add a new layer of political insecurity on top of battlefield losses and the economic collapse that persisted from the late Soviet years. Even members of the anti-communist parties were glad to see Heydar, they confessed privately, because the country needed internal stability and peace to improve any aspect of life.

To preserve the veneer of democratic process, Aliyev called for a referendum on Elchibey’s presidency. Elchibey was resoundingly voted out not only in the form of a ‘no confidence’ majority but by ballots spoiled by people who wrote obscenities cursing him. Aliyev next held an election for president in which he overwhelmingly defeated the few unknown political figures put up against him in a performance of pluralism (they fawned over him at every opportunity). The elections were scheduled so abruptly that international monitors could not plan a monitoring mission. The outcome echoed Soviet elections. Aliyev was elected with 98.8 per cent of the vote (compared to Mutalibov’s paltry 98.0 per cent in 1991). Fixed elections aside, Heydar Aliyev was indisputably the most important political figure in Azerbaijan since the 1950s. He inspired confidence in 1993, and his authority altered the political landscape.

Aliyev quickly took the pulse of Azerbaijan’s politics and brought rebel leader Surat Huseinov into government. The incoherent Surat was put in charge of both defence and internal affairs ministries and was also named prime minister. The wily Aliyev was in fact giving him all the means to fail and to do so publicly. Just over a year later, Aliyev
eviscerated Huseinov before the TV cameras for plotting to overthrow him and sent Surat from the prime minister’s office to jail in one swift stroke. Leading figures of the Popular Front kept up staunch criticism of Heydar Aliyev’s actions and policies, occasionally forcing him to adhere to state laws or international norms. Aliyev initially called them to account in televised sessions of the National Assembly. He sometimes followed up verbal attacks with arrest (Goltz 1999: 408–12). Despite his use of post-Soviet and even the ADR’s symbols and rhetoric, Aliyev was the same communist party boss and KGB general he had been for three decades.

The first person to challenge Aliyev’s assertion of power, while Elchibey remained president, was Isa Gambar, former speaker of the National Assembly (Milli Majlis) and briefly acting president in 1992. Gambar was a young scholar in the Academy of Sciences and a co-founder of the Popular Front, who consistently struggled to establish rules-based procedures in government. In the National Assembly, with television cameras covering every session, Aliyev routinely called on Popular Front office holders to report their failings. He then castigated them before the widest possible audience. When called on to make a report, Gambar refused. He said Aliyev could not turn the Assembly ‘into a tribunal’. Aliyev was infuriated to be refused in this public way and repeated his demand. Gambar held firm. Gambar was soon arrested but foreign diplomats in Baku demanded his release, and he was free within weeks. He went on to found and lead the Yeni Musavat (‘New Musavat’) Party, named for the party that led the first republic. But Gambar never again held a seat in the Assembly while Heydar Aliyev lived.

By the end of his first year in power Aliyev managed to sign a crucial oil production sharing agreement with international energy companies including British Petroleum (BP). He removed Azerbaijan from the ruble zone and oversaw the issuing of a domestic currency, the manat. He completed the withdrawal of Soviet troops from Azerbaijan, begun by Elchibey, although allowing Russia to retain a radar station at Gabala. And he negotiated a cease-fire in May 1994 in the Karabagh war. But he also faced serious challenges to his power. It took several years for even so skilled and terrifying a political figure as Heydar Aliyev to gain control of the situation throughout Azerbaijan. He quashed two aborted uprisings, and unlike Elchibey when faced with Surat Huseinov, Aliyev did not hesitate to open fire on rebels. Aliyev established order with his customary use of intimidation and force, decisive action, and charm toward foreigners. He presided over the adoption of a new constitution in 1995 and another presidential election in 1998. On the eve of his next re-election and his death, he engineered the selection of his son Ilham as successor in 2003.

Elections for president and National Assembly, once on a regular schedule, were monitored by the OSCE. All were declared to fall short of international standards for democratic elections which Azerbaijan’s leaders had pledged to uphold. Aliyev’s own party, the Yeni [New] Azerbaijan Party or YAP, dominated the National Assembly. Opposition parties, including the Azerbaijan Popular Front Party (its Azerbaijani acronym is AXCP) led by Ali Kerimli after Elchibey’s death in August 2000, the Yeni Musavat headed by Isa Gambar, as well as some ‘loyal opposition’ parties that were in fact pro–YAP, also held seats. Opposition parties maintained offices in central Baku. Party-linked newspapers, though subject to criticism and the occasional arrest of an editor or journalists, remained in print and available in Baku, though increasingly rarely in smaller cities or rural locations. Television, the chief source of information for most people, became the exclusive preserve of the Aliyev regime and YAP.

The decline of Heydar Aliyev’s health coincided with the approach of the 2003 presidential election. Heydar’s only son Ilham was the heir apparent. He had been vice-president of the state oil company SOCAR (the State Oil Company of the Azerbaijan Republic).
Although married with three children, he had a playboy reputation from his student days in Moscow, and his love of gambling was an open secret. Ilham was made head of YAP abruptly with his father’s infirmity in summer 2003. Then he became YAP’s candidate for president as elections approached in October before his father’s death in December.

The OSCE/ODIHR (Office for Democratic Institutions and Human Rights) election monitors ruled that the election that brought Ilham to power was tainted – the performance of 58 per cent of observed polling stations and 55 per cent of counting stations was rated ‘bad or very bad’ (OSCE/ODIHR 2003). Nonetheless, Western powers accepted Ilham Aliyev as the legitimate president of Azerbaijan. The leader of the Yeni Musavat, Isa Gambar, was Ilham’s main opponent. In 2003, Gambar and his supporters believed that he had won the presidency, but that victory had been stolen by the many falsified ballots and widespread counting fraud.

Ilham began his presidency with all his father’s advisers at his side. Given his inexperience and the continuity of policy, it was impossible to tell who was really making the decisions. The month after his accession to power, the ‘Rose Revolution’ in neighbouring Georgia ousted his father’s old comrade-in-arms Eduard Shevardnadze. Ilham and the ‘old guard’ around him surely feared a colour revolution, a fear they never escaped. Ilham’s government pursued tighter controls, closing opposition party offices and attacking critics. The new Aliyev government was especially vigilant about youth organisations, alleging they aimed to overthrow the regime and had ties to counterparts in Georgia’s ‘Rose Revolution’ and to earlier protest movements in Ukraine and Serbia. Unlike the treatment of older opposition parties where second-level (but not top) leadership might be arrested, Aliyev’s government arrested and jailed the leaders of groups that attracted the under-40 cohort, as well as independent bloggers. The first arrests of young men began in autumn 2005 with founders of Yeni Fikir (‘New Idea’) (Human Rights Watch 2006; OMCT 2006). Amnesty International reported torture of young prisoners and convictions in hurried trials without evidence. The pattern was repeated with later groups like the idiosyncratic N!DA (meaning ‘exclamation point’), and individuals who led NGOs and democracy-building organisations like the Election Monitoring and Democracy Studies Center. Independent journalists were also targeted: some were kidnapped and beaten up, others forced to strip and pose for cameras with ‘prostitutes’, while one – Elmar Huseynov, was shot dead on his way to work one morning in 2005 (Amnesty International 2007).

Ilham Aliyev was re-elected in 2008 in elections that OSCE/ODIHR monitors deemed not to meet international standards. But the Council of Europe did not entirely agree. Some of its members supported the regime and, as was later revealed, had received lavish presents and outright bribes from Baku (European Stability Initiative 2012). The YAP-controlled Assembly promptly abolished presidential term limitations. The Council of Europe’s Commission for Democracy Through Law (Venice Commission) called it a step back from democracy (Venice Commission 2009). In December 2009 foreign broadcasters including the BBC and Radio Liberty were banned from domestic broadcast frequencies.

With the 2010 parliamentary elections, YAP and its nominally neutral supporters achieved a super majority in the National Assembly. Real opposition parties had few seats, and some had none. Heydar Aliyev always left a space for the opposition so that he could tell Western diplomats, investors and political counterparts that he was building democracy. But Ilham or the old communist advisers without the savvy Heydar to control them used clumsy and brutish methods to monopolise power and silence critical voices. Thus, domestic election monitors increasingly came under attack and the under-40 cohort received the harshest treatment. Charges against them ranged from insulting the honour of the president...
to abuse of power or tax evasion. Children of top candidates or party leaders were beaten by ‘unknown hooligans’ or involved in suspicious car accidents.

The presidential election of 2013 reflected the regime’s level of control. Authorities refused to register domestic monitoring NGOs and imposed inflexible rules on how presidential candidates could use their guaranteed six minutes of TV time. All but one candidate used his time to flatter Ilham Aliyev, who did not campaign. Challenger Jamil Hasanli, co-founder of the Popular Front and a distinguished historian, called for transparency, free speech and fair elections. He managed to demand an inquiry into the political and financial dealings of the ‘criminal government of Azerbaijan’ before a pro-YAP candidate shouted him down and threw a bottle of water at him in a televised debate. Official results of the election showed Hasanli with 5.5 per cent of the vote and Ilham Aliyev with 84.5 per cent. OSCE/ODIHR monitors reported that procedures in more than half the counting stations were ‘bad or very bad’.

Numerous constitutional amendments were proposed in July and adopted in September of 2016: the president’s term increased from five to seven years, the minimum age for a president was eliminated, and new vice-presidential posts were created, all to be appointed by the president. The first vice-president stands first in the line of succession in the event of incapacity of the president. The Venice Commission said the changes upset the power balance in government. Analysts said it looked like a bid to extend the Aliyev family dynasty to then 17-year old son Heydar. Six months later, Aliyev appointed his wife to be first vice-president.

Domestic stability and foreign policy balance have been the main themes of the Aliyev presidencies. Azerbaijan has indeed escaped internal upheaval and foreign invasion. It has commercial relations and some military cooperation with its neighbours, except for Armenia, and with a few partners outside the region such as the EU and Israel. It has sold oil and/or gas to Turkey and Israel and bought weapons from both. Azerbaijan has maintained cordial relations with Moscow, improved after the 2008 US ‘reset’ with Russia that seemed to downgrade relations with the former Soviet republics. Russia’s 2014 annexation of Crimea and meddling in eastern Ukraine have concerned Baku, but not enough to chill bilateral ties because Azerbaijan hopes to gain Russian aid in resolving the Karabagh situation (Shiriye 2019). Baku has avoided joining either the Eurasian Economic Union (EAEU) which Russia dominates, or any Russian-led defence organisation. It has obtained observer status, as has Armenia, at the Shanghai Cooperation Organization (SCO) which is dominated by Russia and China. More significant, and little studied, is Azerbaijan’s cooperation with both Russia and Iran in building the north–south transit corridor of a sea and rail route from India to Iranian ports, through Azerbaijan into Russia (Graham 2017). But greater domestic openness, Ilham told a US diplomat in 2008, would leave Azerbaijan vulnerable to Russian and Iranian intrusions. Critics and journalists, alleged Islamic radicals, and some opposition political figures sit in Azerbaijani jails. Economic development, which the populace associated with democracy in the 1990s, has lifted the majority from poverty and improved infrastructure but at the cost of a wide wealth–poverty gap and endemic corruption.

**Economic structure**

Despite the underdevelopment and poverty of the late Soviet era, oil-rich Azerbaijan had great hopes, in 1992, that foreign investment in oil would ensure economic recovery and political independence. Exports of caviar and hand-made carpets continued but were secondary. The mysterious process of privatisation of state-owned companies, which led to the creation of a layer of oligarchs, came later in the decade. In the 1990s, the main focus was
developing the oil industry. In 1994, Heydar Aliyev signed the ‘Contract of the Century’ which created the Azerbaijan International Operating Company (AIOC), a partnership with British Petroleum (BP), the State Oil Company of the Azerbaijan Republic (SOCAR) and other international partners. Other such deals followed with various countries including Russia (see Chapters 21 and 23).

Azerbaijani oil had to transit from the land-locked Caspian Sea to world markets. The old Soviet pipeline system, outdated and in disrepair, seemed the only option. Western oil companies hoped for an ‘oil swap’ with Iran, that is, to give the Islamic Republic oil in the north and receive in return a corresponding quantity in the south, at the Persian Gulf. For the US, enforcing international sanctions, this was a non-starter. Hence, the Russian system transported oil for fees.

A solution to the transport problem was proposed in 1992 by Turkish president Suleiman Demirel – a long state-of-the-art pipeline from Baku to the Mediterranean port of Ceyhan in Turkey. It would be 1,786 kilometres (1,099 miles) long, run through earthquake-prone eastern Turkey, and would skirt Armenia for political reasons. It bypassed the Black Sea to avoid the ecologically sensitive Bosporus Straits. Yet with an oil price under $20 per barrel (bbl) it appeared to be impossible. Nevertheless, a decade later, the Baku-Tbilisi-Ceyhan Company was formed to build this pipeline. Turkish and US governments invested along with private companies and Azerbaijan. Construction of the Baku-Tbilisi-Ceyhan (BTC) pipeline began in 2003 and was completed in 2005. Pumping oil began on the anniversary of Heydar Aliyev’s birth on 10 May. The price of oil was then $40 bbl. Production and export increased rapidly as did oil prices.

Even before the BTC’s construction, oil income had increased steadily. From 1997 to 2004, IMF data show significant spending on all social needs, that is pensions, salary supplements, housing and health care. Oil revenue increased five times, but safety net spending only doubled. In 2003, for example, when oil revenues were $2.5 billion, social spending totalled $1.3 million (O’Lear 2007). Once online and coinciding with the rise of the global oil price, peaking around $150 bbl in 2012–13, the BTC brought billions of dollars into Azerbaijan. Oil income was managed by SOCAR, the state oil company, whose vice-president was Ilham Aliyev. The country’s share went into the State Oil Fund of Azerbaijan (SOFAZ). Unlike its ostensible model the Norwegian Oil Fund, SOFAZ was controlled by the president, not parliament, and its transactions were opaque. SOFAZ was meant to support infrastructure expansion and improvement. Available data show a seven-fold increase of deposits into SOFAZ from $2.16 billion in 2007 to $14 billion in 2008. In 2014, total SOFAZ assets were reported as $30 billion.

Azerbaijan’s oil-based economy was susceptible to the vicissitudes in the world value of oil. Oil prices rose for 10 years to $140–$150 bbl. The period of high prices provided massive opportunities for development as well as savings. A decline in the oil price began in mid-2014, however, and prices fell by year’s end to $50 bbl, then $40 and briefly as low as $30 bbl in late 2015. By 2017–19 prices had stabilised between $50 and $70 bbl. The development of the energy sector (gas became part of the calculation as oil output peaked in 2010) had impact beyond industry. Thousands of foreign businesspeople came to Baku. The needs of foreigners, mostly from Western countries, pointed the way to development of a host of industries and services from airlines to hotels and roadways to wi-fi.

Soviet-era, state-owned industries were privatised in the late 1990s and 2000s. The state airline, later called Azal, and its modernisation required new planes, airport construction with air traffic control that met international standards, baggage and shipping facilities, catering, and duty-free shops. Ilham Aliyev’s stated goal to draw tourists would increase airline
revenue but required hotels, entertainment, food and activities for the hoped-for European tourists. Each area presented a challenge and an opportunity. Roads and bridges were in disrepair, cars and buses were antique. Foreigners, whether oilmen or tourists had cell phones and laptops and needed telecom systems. Existing enterprises were privatised, and new industries were built from the ground up. With what money?

This was the question that investigative journalists pursued. How were state industries privatised? Foremost among these journalists was Khadija Ismayilova. Her work, often with associates at Radio Liberty or the Organized Crime and Corruption Reporting Project (OCCRP), revealed the great wealth of many of Azerbaijan’s oligarchs, most notably the secret Aliyev family ownership of major construction and telecommunications companies, the state airline and related services including a bank. With ownership of companies that helped build Azerbaijan’s infrastructure, the Aliyev family was positioned to receive SOFAZ funds from oil sales. Over time, Ismayilova also found the Aliyev family owned gold mines in the western part of the country and high-end real estate in several countries. The family of Ilham’s wife Mehriban, the Pashayevs, owned hotels and banks. Ismayilova found that many family companies were owned through shell companies in the name of the Aliyevs’ two daughters and incorporated in the British Virgin Islands, Malta, and other countries and offshore jurisdictions that do not require disclosure of a beneficial owner. The origin of the capital to purchase any of these companies was unknown since the Aliyevs’ reported income was only a fraction of the cost of even one of them.

Ismayilova’s work with the OCCRP contributed to the Panama Papers and the report on the ‘Azerbaijani Laundromat’.

From 2008 Ismayilova worked for the US-funded Radio Liberty in Baku. She was arrested in December 2014, accused of tax evasion and ‘abuse of power’. She was convicted the following summer in a fast-moving trial led by a judge who ruled against all her attorney’s motions, and was sentenced to 7.5 years in prison. An international outcry followed among human rights and media freedom organisations, including the Council of Europe and OSCE Representative on Freedom of the Media, Dunja Mijatović. After sustained international protests, she was released, but not pardoned, in May 2017 on the eve of her fortieth birthday.

With the falling of oil prices since 2015 Azerbaijan’s state budget has suffered serious losses. The currency was devalued twice, in February and December 2015. The opaque nature of handling of oil revenues and other parts of the budget make it difficult to determine the magnitude of losses. The imbalance of Azerbaijan’s economy with most resources going to and coming from the energy sector – in contrast to official claims of a diversified economy – suggest that the losses must be very serious.

**Conclusion**

In the decades since the collapse of the USSR, Azerbaijan has achieved national independence, a market economy and thriving trade, and officially codified a secular, civic national identity. The regime, dominated by one family and a circle of loyal oligarchs, has established domestic stability at the expense of civil liberties and human rights despite guarantees in the country’s constitution and the many international organisations which Azerbaijan has joined, notably the Council of Europe. President Ilham Aliyev continues to use the threat of war in Karabagh as a primary reason why commitments to reform are not met, despite the very real destructive capacity of renewed hostilities.

International organisations such as Freedom House and Transparency International rate Azerbaijan as unfree and highly corrupt. It is worse, in measured indicators from electoral process to corruption, than many other former Soviet republics, including its neighbours Georgia and Armenia. One of the greatest differences is in the civil society indicator, reflecting the
Aliyev regime’s closing of opposition newspapers and NGOs and its willingness to use violence to quash demonstrations, and to jail and torture regime critics from youth activists to journalists. Laws and even the constitution have been altered, by the National Assembly with its YAP majority, to support the ruling oligarchs and constrict civil society. Political leaders strive to persuade young people to work for the state or the ruling party with its many rewards rather than pursue political activism. As one National Assembly deputy put it to me in 2015, ‘Don’t go to jail, go to Europe’. The regime spends millions of dollars each year on lobbying and gifts in Western capitals to improve its image without changing its repressive tactics.

At the same time, Azerbaijan has the means to enhance and diversify economic development and improve the lives of its citizens precisely because of its natural wealth and large population. The regime would have to choose to invest in education, reform the police and courts, loosen controls on media, quell corruption and favouritism in government and the economy, and to enact reforms rather than arrest those who call for them. There has been no sign the present regime would do any of these things. Repressions and socio-economic inequality, as public protests have shown in colour revolutions and the Arab Spring, may lead eventually to popular unrest and revolution. Ruling circles in Baku can make the choices that lead to rule of law and equity or continue, as they have thus far, down the path of corruption, repression, and manipulation of law to ensure oligarch privilege at the expense of the majority.

Notes
1 While Karabakh is the Russian spelling, I prefer Karabagh as a variant closer to Azerbaijani (and Armenian) spellings that does not perpetuate the Russian framework.
2 On the creation of the Popular Front and the Black January intervention, see Altstadt (1992: Chapter 12), de Waal (2013: Chapters 6 and 7) and Cornell (2011: Chapters 3–4).
3 Lecture by Prof. Suleiman Aliyarli at Khazar University, Baku, June 2000. He was one of those charged with writing the essay.
4 Thomas Goltz’s Azerbaijan Diary records this US journalist’s experiences in Karabagh as well as in Baku in 1992–94 (Goltz 1999).
5 The remainder of the seats allocated were one seat each for Jewish, German, Georgian and Polish communities, and three seats apiece allocated to the Union of Trade Unions and the Union of Oil Industrialists, a feature copied from the Baku city council from the 1890s.
6 On the formation of the ADR, see Pipes (1957); Reynolds (2011); Swietochowski (1985).
7 I elaborate on all these areas of cultural contestation in Altstadt (2016).
8 On figures see de Waal (2013: 230, 326–7). He cites US State Department and the research of Azerbaijani scholar Arif Yunus. Yunus estimated 17,000 killed, of whom 11,000 were Azerbaijanis and 4,000 Armenians. He believed the proportion of wounded was roughly the same.
9 Aliyev meeting with Deputy Assistant Secretary of State for Labor and Human Rights, David J. Kramer, Baku 8 July 2008, in Wikileaks. Available at <https://wikileaks.org/plusd/cables/08BAKU652_a.html> (accessed 9 May 2019); I interviewed Mr. Kramer in November 2014 and he confirmed this account.
10 Among many summaries see Fitzgibbon et al. (2016); OCCRP (2017).
12 Personal conversation with National Assembly member, 2015.

References
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